

Sac County/CWA 7171 (Roads)

2004-2005
CEO-739
Sector 1
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PUBLIC EMPLOYMENT
RELATIONS BOARD

IN THE MATTER OF THE ARBITRATION

SAC COUNTY, IOWA : CEO NO. 739/1
: :
vs. : AWARD
: :
COMMUNICATIONS WORKERS OF :
AMERICA; ROADS :

I. FACTS

This matter was scheduled for arbitration by agreement of the parties pursuant to Chapter 20 of the Iowa Code on the 3rd day of May, 2005. Appearing on behalf of Sac County was Sac County Attorney, Earl Hardisty, and for the Communications Workers of America, (hereinafter referred to as C.W.A.), was District 7 Representative, Midge Slater.

The hearing was electronically recorded. The parties stipulated that there was no dispute as to the negotiability of the below listed items which are at impasse. The parties submitted evidence, exhibits and rebuttal arguments. The parties chose not to submit post hearing briefs. Also in attendance were Steve Hansen; Denny Dunbar; Alison Dingeman; Ron Haden; Joseph Andrews; Dean Stock; Jack Bensley; and Rick Hecht.

II. IMPASSE ITEMS

The parties submitted final offers as required within the appropriate time frames. There were two impasse items which are at impasse. The impasse items and the respective positions of each party were as follows:

ITEM #1

ARTICLE 24

Job Classifications and Straight Time Hourly Wage Rates and Longevity

UNION'S PROPOSAL

1. Increase wages effective July 1, 2005, by 4%

SAC COUNTY'S PROPOSAL

1. Increase wages effective July 1, 2005, by 3%

ITEM #2

ARTICLE 22 INSURANCE

UNION'S PROPOSAL

1. Current Contract Language

SAC COUNTY'S PROPOSAL

1. Coverage

Current Employees. The Employer will pay the Employee single and dependent coverage monthly Health Insurance Premium up to a maximum of \$750.00.

Future Employees. The Employer will pay the Employee single coverage monthly Health Insurance Premium.

III. LAW

Iowa Code Section 20.22(9) provides: The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to the factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

It is mandated that all issues set forth above are reviewed in light of the foregoing factors.
Iowa State Education Association v. Public Employment Relations Board.

The weight to be given to each of these factors is placed in the discretion of the arbitrator.
Moravia Community School District v. Moravia Education Association.

IV. HISTORY

A. Background

Sac County is a governmental subdivision which is located in the center of Northwest Iowa. The County's population is 10,872. (Exhibit 104) Agriculture is the primary economic force within the County. The employees of the County are both unionized and non-unionized.

This Union is comprised of County employees who work on what is generally referred to as the Secondary Road Crew. Currently, nineteen (19) employees comprise the entirety of this group. One of this group is still in his probationary status.

The Union first organized approximately in 1980. Since inception, the contract has established set hourly compensation rates for seven (7) different job classifications. Three (3) of the same have two (2) tiers as their matrix. They are:

- Mechanic I
- Mechanic II
- Equipment Operator I
- Equipment Operator II
- Surveyor I
- Surveyor II
- Draftsman

Level II of these classifications denote probationary periods of employment.

Currently, eighteen (18) of the employees are classified as Equipment Operator I; Surveyor I; and Draftsman. One is classified as Equipment Operator II. Historically, a mechanic position was filled, however, this person became management and is currently outside the bargaining unit.

Historically, the parties have reached amicable settlements save for the first few years of the Union's existence.

B. Contracts

The parties have enjoyed multi-year contracts. The current contract expiring June 30, 2005, is a three (3) year contract. This contract had annual pay raises of three percent (3%) per year. Prior to the commencement of this last year of the contract, the County wrote the Union requesting that they agree to forego its final three percent (3%) increase. The Union declined the County's request. The County had decided to freeze all of its non-union employees' wages for Fiscal year 04/05.

Prior to the existing contract, the parties entered into a multi-year contract with a fixed per hour increase. The first year of the contract, this increase amounted to approximately a three percent (3%) pay raise.

C. Insurance

Since 1980, the County provided Health Insurance Coverage for all of its Union as well as non-union employees. Currently, the employees are covered under one (1) plan. The premium cost for single as well as family insurance coverage has been paid in its entirety by the County.

Approximately, two (2) years ago, the County started to self-fund its coverage. The County's insurer has dropped the current plan effective July 1, 2005. After July 1, 2005, the County will offer three (3) plans which are different from the current plan. Those variations are highlighted in Exhibit 102. As noted, the deductible under the expiring plan provided a 250/500 deductible whereas insurance coverage commencing July 1, 2005, will have a 500/1000 deductible.

Eighteen (18) of the nineteen (19) employees of the Secondary Road Crew are currently selecting family coverage insurance.

D. Comparability Group

The County has chosen the surrounding Counties of Cherokee, Buena Vista, Ida, Crawford, Carroll, Greene, and Calhoun.

The Union's listing purports a higher number of Counties for analysis. Its grouping only excludes Buena Vista County in its analysis from the County's comparability group. The rationale is that the Secondary Road Crew in Buena Vista County was not organized and therefore, any contract rights are not subject to review by the employees.

The Union selected the following counties as their comparables: Calhoun; Carroll; Cherokee; Clay; Crawford; Dickinson; Humboldt; Ida; Palo Alto; and Pocahontas.

V. ABILITY TO PAY

The parties Stipulated that ability to pay is not in dispute.

VI. DISCUSSION

This Discussion will address the impasse items separately. First, Wage Increase.

Historically, this unit has settled for three percent (3%) annual increases for the last three (3) years. Prior to that, a four (4) year contract provided for a fixed dollar amount increase. Consequently, each year of the contract the salary increase percentage wise, fell. These increases ranged from 3.0% to 2.5%.

Comparability groups provided an analysis as to what other Secondary Road Crew units received for raises. Exhibit #3 reveals County's prospective of wage increases for their comparables.

<u>County</u>	<u>% Increase</u>
Cherokee	2.5
Buena Vista	3.0
Ida	2.5
Crawford	3.0
Carroll	2.4
Calhoun	2.5
Pocahontas	1.5
Greene	<u>3.0</u>
Average	2.55%

Conversely, the Union Exhibit 105 provides the following analysis:

<u>County</u>	<u>% Increase</u>
Calhoun	2.5
Carroll	2.4
Cherokee	2.5
Clay	3.75
Crawford	3.0
Dickinson	3.0
Humboldt	3.75
Ida	2.3
Palo Alto	---
Pocahontas	<u>1.5</u>
Average	2.74%

The last perspective which merits discussion is Union's assertions that their proposed raise will help restore their financial position as it relates to their comparable counterparts. Although both parties provided a current analysis as to how Sac's wages compared to its comparables, no historical perspective was provided. Its impossible to restore wages with an increase without knowing historically where Sac County's employees were financially as compared to its comparables.

It is abundantly clear based on the parties' past history of bargaining and wages provided to both comparability groups, that the County's three percent (3%) increase is more reasonable than Union's proposal of four percent (4%). Both groups comparability group provide less than three percent (3%). The last contract provided for a three percent (3%) annual raise. The parties contract prior to the current contract provided for an average of less than three percent (3%). It is

for these reasons that my decision to award Sac County's proposal of a three percent (3%) pay increase as the most reasonable. Awarding a four percent (4%) pay increase would be unreasonable and unwarranted.

The second discussion will focus on Health Insurance. No other topic has been the discourse of the arbitrator's pen over the past decade.

Sac County seeks to transform the current contract language. They point to the overall insurance increase and the dismal financial picture the County experienced.

No evidence was presented as to a historical perspective as to this increased cost. Nor was data presented as to what financial affect self-funding has had on this expense. Also, noteworthy is the fact that this is the first contract in which the County has demanded employee participation in their health insurance premium expense.

It is uncontroverted that for the last quarter century full single and family health insurance premium expense was paid by the County. Contract language provided, **"The employer will pay the employee single and dependent coverage monthly Health Insurance premium."** The County has proposed a \$750.00 monthly premium cap for health insurance expense per current employee. Any employee hired after July 1, 2005, has no family coverage reimbursement..

Under two (2) of the three (3) new plans offered by Blue Cross, current employees would pay a portion of dependent coverage monthly premiums.

Future employees hired after July 1, 2005, would be responsible to pay up to \$508.91 per month for dependent coverage if they were to select Blue Cross's AH3 plan.

The County's comparability analysis is revealed in Exhibit #2. All of the County's comparable counties with the exception of Carroll, all provide for single coverage. Cherokee, Buena Vista, Ida, Crawford, Greene, all require financial participation in family coverages. Pocahontas and Calhoun continue to provide for full single and family health insurance coverage. Conversely, the Union's comparability group provides a more balanced analysis of coverage. One-half (1/2) of its comparable counties provide single and family health insurance premium payments.

Asserted as a relevant factor is the fact that the County's proposal has been agreed upon by the County's two (2) other Unions. Also, the Board implemented this policy as to its non-certified employees inclusive of its elected officials.

No argument was proffered that bookkeeping/accounting issues are rasied by this dichotomy.

Absent compelling reasons, changes of this drastic a measure, should be negotiated and acquired at the bargaining table, not the arbitrator's pen. The nature of these changes are profound and unlikely to resolve this conflict for future negotiations.

The County's decision to use a set dollar amount versus a percentage mandates that future insurance increases are going to be on the table for negotiations.

The likelihood of multi-year contracts is also less likely with this cap. The cap will have to be negotiated each year.

Conversely, limiting new hires to single coverage only, may cause new employees to feel as though they are second class employees since their benefits substantially differentiate from their more senior co-workers.

The County is asking that a quarter of a century's contract language be tossed for a structure which makes the employee liable for a part if not all of the County's dependent health insurance costs in a majority of the plans.

The County's main contention necessitating this modification appears to be that they mandated it for their non-collective bargaining unit employees and have successfully negotiated it into their other two (2) Union shops. Of course, with the non-collective bargaining unit employees, they are without recourse but to terminate their employment if they disagree. With regard to the other two (2) Unions, no evidence was adduced as to what benefits they received in their contract to sell this language change.

The contention that this contract should be modified so that all County employees are treated alike is in direct contradiction to the County's 2004 wage freeze to its non-collective bargaining unit's staff.

Secondary Road Crew received a three percent (3%) pay raise for the 2004-05 year while other employees of the County received a wage freeze.

The fact is that historically the County has never attempted to shift the cost of this benefit to its employees aside from higher deductibles and co-pays. This is the first instance of the parties arbitrating this issue.

Comparability wise, this Union is in the minority as to the County's counterparts. As to the Union's comparable counterparts; half provide this benefit and half do not.

The County can choose to restore this benefit to all its employees and thereby have consistency with all its employees.

Almost every employee of this Unit would be affected by this change.

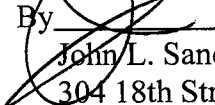
It is the undersigned's opinion that the County has failed to meet its burden to warrant modification of Article 21 as they have proposed. It is unreasonable considering the history of negotiations and an analysis of comparable Counties to warrant this type of modification. This shift of financial responsibility must be negotiated at the bargaining table. Such was the case with the other two (2) collective bargaining units. It is more reasonable that the current language continue. I am therefore awarding the Union's position as to health insurance and requiring that current language as to payment of monthly premiums to single and dependent coverage continue.

VII. CONCLUSION

The County's proposal as to a three percent (3%) wage increase is the most reasonable. The Union's proposal to maintain current language as to payment of single and dependent health insurance coverage is the most reasonable.

Respectfully Submitted,

SANDY LAW FIRM

By  _____
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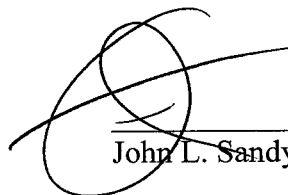
CERTIFICATE OF SERVICE

I certify that on this 17th day of May, 2005, I served the foregoing Report of Award upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Midge Slater
CWA Representative
District 7
6200 Aurora Ave., Suite 503E
Merle Hay Centre
Urbandale, IA 50322-2863

Earl E. Hardisty
Sac County Attorney
100 N.W. State Street
Sac City, IA 50583

I further certify that on the 17th day of May, 2005, I will submit this Report of Award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B, Des Moines, IA 50309.

A handwritten signature in black ink, consisting of a large, stylized 'S' shape with a horizontal line crossing through it.

John L. Sandy, Arbitrator